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# Washington Department of Revenue Property Tax Division

## 2022 Lincoln County Levy Audit A Summary Report



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# Overview

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## Purpose

The primary purpose of this review by the Department of Revenue (Department) is to assist the Lincoln County Assessor (Assessor) in their processes and procedures to ensure compliance with state statutes and regulations.

## Method of Calculation

The Department calculated the levy limitations and levy rate for several of the taxing districts for the 2022 tax year. To determine whether an error occurred, the Department compared the amount levied for the district with the lesser of the levy limit, the statutory rate limit, the amount authorized by each district's resolution, and the levy amount certified by the district.

## Information Reviewed

The Department used the following information during the review:

- Resolutions/Ordinances adopted by the districts
- Levy certification from the county legislative authority (RCW 84.52.070)
- Tax roll certification to the county treasurer and abstract of the tax roll to the county auditor
- Ballot measures
- Levy limit worksheets
- \$5.90 aggregate and 1 percent constitutional limits

We do not review every taxing district's levy. We audited approximately 40 percent of the taxing districts. The scope of the audit did not include the review of earmarked funds.

## Taxing Districts Selected

The Department reviewed the following taxing district levies:

- City/Towns: Almira, Harrington, and Reardon
- Fire Districts: No. 3, No. 5, No. 6, No. 7, and No. 9
- Hospital Districts: No. 1 and No. 3
- Cemetery Districts: No. 2 and No. 6
- Metropolitan Park District No. 1
- School Districts: No. 9, No. 200, and No. 207
- Park and Recreation Districts: No. 2 and No. 3

# Executive Summary

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## Introduction

The primary purpose of a levy audit by the Department is to assist the county assessor in successfully performing the duties associated with levying property taxes for the districts within the county.

An effective audit of levy calculations consists of gathering information from the assessor's office to determine the level of compliance with laws and rules, the accuracy of levy calculations, and the effectiveness of record keeping.

## Categories of Results

The Department has completed its review and grouped the results into two categories:

- The first category, *Requirements*, is of the greatest urgency for effective administration by the assessor. A change is required to adhere to the law.
- The second category, *Recommendations*, requires the attention of the assessor. The Department believes the assessor could improve their performance and service to the public by making voluntary changes in procedures.

The Department bases requirements and recommendations in our reports on our review of the administrative procedures employed, existing state statutes and regulations, and areas we saw opportunities to improve processes, procedures, and communication.

## Results

The Department identified two requirements and no recommendations directed toward improving the accuracy of the levy process.

We have listed a summary of these items in the Requirements and Recommendation sections.

## **Executive Summary,** continued

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### **Requirements**

1. The Assessor is required to certify the completed tax roll to the Lincoln County Treasurer (Treasurer) on or before January 15 and provide an abstract of the tax roll to the Lincoln County Auditor (Auditor) listing the total amount of collectible taxes for each taxing district.
2. The Assessor is required to calculate the levy limitations based on the certified levy requests from the Lincoln County Legislative Authority for most taxing districts within or coextensive with the county.

## Requirement – Tax roll certification

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### Requirement

The Assessor is required to certify the completed tax roll to the Lincoln County Treasurer (Treasurer) on or before January 15 and provide an abstract of the tax roll to the Lincoln County Auditor (Auditor) listing the total amount of collectible taxes for each taxing district.

### What the law says

The county assessor must deliver the tax rolls to the county treasurer, on or before the fifteenth day of January, taking a receipt from the treasurer. At the same time, the assessor must provide the county auditor with an abstract of the tax roll showing the total amount of tax collection for each taxing district. (RCW 84.52.080)

### What we found

The Assessor certified the extension of the tax roll to the Treasurer on January 20, 2022, after the January 15 deadline required by statute.

The Assessor stated, the adjoining county was not timely in certifying levy rates to him, for their joint taxing districts. When the adjoining county provided the levy rate certification, he certified the tax roll to the Treasurer.

### Action needed to meet requirement

The Assessor is required to take the following action(s):

- Certify the completed tax roll to the Treasurer on or before January 15.

### Why it's important

State law directs the county assessor to formally certify the tax roll to the county treasurer and provide the county auditor with an abstract of the tax roll. The use of this format enhances the transparency of levying property tax.

## Requirement – Certification of levies to Assessor

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### Requirement

The Assessor is required to calculate the levy limitations based on the certified levy requests from the Lincoln County Legislative Authority for most taxing districts within or coextensive with the county.

### What the law says

Most taxing districts are required to certify a budget or budget estimate to the county legislative authority on or before November 30 for levying property taxes (RCW 84.52.020).

The county legislative authority is required to certify to the county assessor the amount to be levied, for county purposes, on or before December 15. The county legislative authority is required to certify to the county assessor the amount to be levied, for taxing district purposes, on or before the first Monday in December, for most taxing districts. (RCW 84.52.070)

If a levy amount is certified to the county assessor after the December 15, for taxes levied on property for county purposes and the first Monday in December for taxes levied on property for district purposes, the county assessor may use no more than the county legislative authority's certified levy amount for the previous year for the taxing district. This levy consequence does not apply to state levies or when the assessor has not certified assessed values as required by RCW 84.48.130 at least twelve working days before November 30. (RCW 84.52.070(3) and PTA 21.1.070)

### What we found

The Lincoln County Legislative Authority certified the levy requests to the Assessor, on January 7, 2022, after the deadline required by statute. The certification did not include levy amounts for school district levies.

The Assessor did not certify 2021 assessed values, for the 2022 tax year, to the taxing districts twelve working days before November 30 thus, the levy consequence in RCW 84.52.070(3) does not apply.

It is unclear to the Department why the certification was not completed timely and did not include levy requests for the school district levies. The Assessor provided the Department with timely levy certifications by the taxing districts, including school districts.

### Action needed to meet requirement

The Assessor is required to take the following action(s):

- Obtain a written certification of levy amounts, for each taxing district, from the Lincoln County Legislative Authority before certifying the tax roll.
- Provide education to the Lincoln County Legislative Authority regarding the certification of levies process, including the deadlines.

## **Requirement – Certification of levies to Assessor, continued**

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### **Why it's important**

Statutory deadlines exist to provide a timely, orderly process for property taxation. When the levy requests are not certified to the county assessor timely, it could result in a taxing district being limited to the levy amount certified on their behalf from the prior levy year. This limitation may cause a loss of funds for the taxing districts. It also puts the Assessor at risk of not meeting their statutory deadline to certify the tax roll to the county treasurer on or before January 15. When the January 15 deadline is missed it results in delay of receipt of property taxes from the taxpayers and distribution of taxes to the taxing districts.

## Next Steps

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### Follow-up

The Department is committed to the success of the Assessor by ensuring the levies comply with state statutes and regulations.

The Department will conduct a follow-up review in 2023. This will give the Assessor an opportunity to implement the required changes, recommended changes, and to provide information to the Department about any issues they encountered during the implementation process.

### Questions

General levy information is available in the Department's *Property Tax Levies Operating Manual*, available on our website.

For questions about specific requirements or recommendations in our report, please contact the Property Tax Division at (360) 534-1400.

For additional information contact:

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